

PROCEDURE REFERENCE : FmHA Instruction 1951-C.

PURPOSE : Used to notify debtors that FmHA plans to exercise salary offset.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
(Location)

(Inside address)

Dear name of (debtor or debtor's representative):

The Farmers Home Administration (FmHA) has reviewed the records relating to (your) (client's name, if addressed to debtor's representative) (delinquency) (debt), and determined that (you) (your client) owe(s) the U.S. Government \$ _____. In accordance with 7 CFR Part 1951, Subpart C, Section 1951.111(c), a review has been made of the circumstances giving rise to the (delinquency) (debt). Based on that review, it is my judgement that the cost of collecting the debt through salary offset will not exceed the amount of the debt. In addition, to my knowledge, there are not any legal restrictions that would bar collecting that debt.

We intend to collect this amount by offsetting (your) (your client's) salary until the (delinquency) (debt) and all accumulated interest and other costs are paid in full. Deductions of 15 percent of your (your client's) disposable income will begin with the first pay period occurring 30 days from the date (you) (your client) receive(s) this letter and will continue until the delinquency or other debt is paid. (You) (Your client) may voluntarily agree to a higher percentage. If (you) (your client) agree(s) to FmHA collecting more than 15 percent of (your) (your client's) disposable pay, please let us know immediately in writing.

Interest and other costs may be assessed in accordance with Department Regulation 2520-1, Interest on Delinquent Debt, and 4 CFR 102.13.

As a Federal employee, (you have) (your client has) the following rights:

- (1) The right to inspect and copy the records relating to the (delinquency) (debt). Charges will be assessed for copying;
- (2) The right to enter into a written agreement for a repayment schedule (FmHA Form Letter 1951-8 enclosed) different from that proposed so long as your terms of repayment are agreeable to FmHA;
- (3) The right to a hearing conducted by a USDA Administrative Law Judge or a hearing official from outside USDA. The hearing will consider the existence of the (delinquency) (debt), the amount of the (delinquency) (debt), and/or percentage of disposable pay to be deducted each pay period. The timely filing of a petition or a hearing will stop collection proceedings;

(4) The right to a final decision on a hearing at the earliest practical date, but not later than 60 calendar days after you file your hearing petition;

(5) The right to request a waiver of salary overpayment. (You) (Your client) may also question the amount or validity of a salary overpayment or general delinquency or other debt by submitting a claim to the Comptroller General in accordance with General Accounting Office procedures;

(6) The right to have any monies paid on or deducted for the (delinquency) (debt) which are later waived or found not owed to the United States to be promptly refunded to (you) (your client) unless there are applicable contractual or statutory provisions to the contrary.

FmHA has a debt settlement procedure which might allow (your) (your client's) debt to be cancelled or charged off. If (you) (your client) would like to know more about this, contact me. (Use this paragraph only for collection-only accounts or other delinquent accounts for which there is no security.)

Submitting false or frivolous statements, representations, or evidence may subject (you) (your client) to disciplinary proceedings or civil or criminal penalties.

If (you) (your client) wish(es) to file a petition for a hearing, we must receive the petition within 30 days from the date you receive this letter. The petition should be mailed to:

(insert Certifying Official's name and address)

(You) (Your client) must sign the petition and must indicate (your) (your client's) knowledge of whether (you are) (your client is) (delinquent) (liable for other debt), or any part of the (delinquency) (debt). (You) (Your client) should fully identify and explain all the information and evidence that supports (your) (your client's) position. If (you) (your client) would like reconsideration of the percentage of disposable income to be deducted, (you) (your client) should state (your) (your client's) reasons.

Sincerely,

Certifying Official

cc: Debtor's case file for delinquent loans. For other debts, copy to "For Official Use Only" file.